

AMENDED IN ASSEMBLY APRIL 8, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1239

Introduced by Assembly Member Wiggins

February 21, 2003

An act to amend Section 33561 of the Financial Code, relating to payment instruments.

LEGISLATIVE COUNSEL'S DIGEST

AB 1239, as amended, Wiggins. Payment instruments.

Existing law, the Payment Instruments Law, provides for the regulation and licensure of persons engaging in the business of selling payment instruments in this state. Existing law provides that a person licensed under the Payment Instrument Law is deemed to own an eligible security under specified conditions.

This bill would ~~make nonsubstantive changes to these provisions~~ *provide that a licensee would not be deemed not to own an eligible security when the eligible security is held in a business trust that is limited in purpose to paying the payment instruments issued by the licensee and the beneficial interest in the trust is solely owned by the licensee.*

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 33561 of the Financial Code is amended
2 to read:

1 33561. (a) For purposes of this article, a licensee shall be
2 deemed to own an eligible security only if:

3 (1) The licensee owns the eligible security solely and
4 exclusively in the licensee's own right, both of record and
5 beneficially;

6 (2) The eligible security is not subject to any pledge, lien, or
7 security interest; and

8 (3) The licensee can freely negotiate, assign, or otherwise
9 transfer the eligible security.

10 (b) Notwithstanding the provisions of subdivision (a), no
11 licensee shall be deemed not to own an eligible security solely on
12 account of any of the following facts, provided that, but for the
13 fact, the licensee would be deemed to own the eligible security
14 under the provisions of subdivision (a):

15 (1) The fact that the eligible security is owned of record by a
16 documented nominee of the licensee or by a securities depository
17 which is licensed under, or exempt from licensing under, Division
18 14 (commencing with Section 30000), *or the eligible security is*
19 *held in a business trust that is limited in purpose to paying the*
20 *payment instruments issued by the licensee and the beneficial*
21 *interest in the trust is solely owned by the licensee.*

22 (2) The fact that the licensee has pledged the eligible security
23 with the United States or any state of the United States to secure
24 payment by the licensee of payment instruments issued by the
25 licensee.

